

# Important Contribution Rates Notice

Please be reminded that last year's Act 153 increased the base employer retirement contribution rate for employers covered by the South Carolina Retirement System (SCRS) to 8.05 percent from 7.55 percent effective July 1, 2006. Act 153 also increased the SCRS employee contribution rate to 6.50 percent from 6.25 percent effective July 1, 2006. Employee contribution rate changes required by Act 153 are applicable when compensation is earned, not paid.

Act 153 also increased the employer contribution rate by an additional .50 percent effective July 1, 2007. These rate changes were made by the South Carolina General Assembly to help fund an annual guaranteed cost of living adjustment (COLA) of up to 1 percent for eligible SCRS retirees and a portion of the 2.4 percent ad hoc COLA eligible SCRS retirees received July 1, 2005.

In addition to the contribution rate changes required by Act 153, at its May 16, 2006, meeting, the State Budget and Control Board approved a further increase of .51 percent in the employer contribution rate effective July 1, 2007. Therefore, the employer contribution rate will increase to 9.06 percent effective July 1, 2007. The Board's action allowed it to fund an additional 2.5 percent ad hoc COLA effective July 1, 2006, for eligible SCRS retirees without exceeding the 30-year recommended limit for a pension plan's unfunded actuarial accrued liability amortization period. The additional .51 percent increase in the employer contribution rate also funds the possible negative impact of the South Carolina Supreme Court's recent decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, which could result in a loss of \$125 million in contributions.

If you have any questions concerning these or any other retirement issues, contact Customer Services at (800) 868-9002, (803) 737-6800, or [cs@retirement.sc.gov](mailto:cs@retirement.sc.gov).

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